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FM AMEMBASSY THE HAGUE

TO RUEHC/SECSTATE WASHDC 4418

INFO RUFHMM/ALL EC CAPITALS

RUEHMO/AMEMBASSY MOSCOW 1364

RUFHNA/USMISSION USNATO 5413

RUEHROC/AMCONSUL MILAN 0317

BT

C O N F I D E N T I A L THE HAGUE 01154

C O R R E C T E D C O P Y (PARA 2)

E.O. 12065: GDS 2/12/88 (ALLAN, L. STUART) OR-E

TAGS: ENRG, EEWT, NL

SUBJECT: DUTCH AND SOVIETS TO HOLD ANOTHER ROUND OF
GAS PURCHASE NEGOTIATIONS

REF: THE HAGUE 612

1. (C - ENTIRE TEXT.)

2. DURING DISCUSSION WITH MINISTRY OF ECONOMIC AFFAIRS INTERNATIONAL GAS EXPERT (SCHORER) ON FEB. 12, WE LEARNED THAT GASUNIE AND SOVIETS ARE TO HOLD NEXT ROUND OF DISCUSSIONS ON PURCHASE OF GAS WEEK OF FEB. 15. ACCORDING TO SCHORER, THERE ARE STILL DISAGREEMENTS OVER THE PRICE TO BE PAID BY GASUNIE AND THERE ARE SOME UNRESOLVED TECHNICAL POINTS. IN ADDITION, DETAILS OF THE SOVIET AGREEMENT IN PRINCIPLE TO ABSORB THE COST OF TRANSPORTING THE GAS ACROSS WEST GERMANY (ESTIMATED BY THE DUTCH TO BE DOLS 0.35 PER MILLION BTU) ARE TO BE WORKED OUT. SCHORER DOES NOT BELIEVE THAT FINAL AGREEMENT WILL BE REACHED NEXT WEEK BUT THINKS THAT ULTIMATE AGREEMENT IS LIKELY. WHETHER A GASUNIE/SOYUZ GAS EXPORT CONTRACTUAL AGREEMENT WOULD RECEIVE GON APPROVAL IS PROBLEMATIC SINCE THE DUTCH HAVE RECEIVED INSUFFICIENT INDUSTRIAL ORDERS FOR THE PIPELINE.

3. IT WAS APPARENT FROM THE OVERALL TENOR OF SCHORER'S REMARKS THAT THE DUTCH CONSIDERATIONS ARE TOTALLY COMMERCIAL AND THAT POLAND DOESN'T ENTER INTO DUTCH THINKING ABOUT WHETHER OR NOT TO GO AHEAD. HE NOTED THAT IN PARLIAMENTARY DISCUSSIONS LAST WEEK, MEMBERS OF THE LIBERAL PARTY (THE NETHERLANDS' MOST CONSERVATIVE MAJOR PARTY) HAD QUESTIONED THE PURCHASE OF GAS FROM THE SOVIETS BUT ONLY BECAUSE THERE HAD BEEN FEW OFF-SETTING ORDERS FOR DUTCH INDUSTRY IN THE CONSTRUCTION OF THE PIPELINE. DYESS

END OF MESSAGE

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State Dept. review completed

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